REPORT OF THE COMMITTEE ON FINANCE

PUBLIC HEARING

SEPTEMBER 16, 2008

The Honorable,
The Board of Commissioners of Cook County

ATTENDANCE

Present: Chairman Daley, Vice Chairman Sims, Commissioners Beavers, Butler, Claypool, Collins, Gorman, Goslin, Maldonado, Moreno, Murphy, Peraica, Schneider, Silvestri and Suffredin (15)

Absent: President Stroger and Commissioners Quigley and Steele (2)

Also Present: Honorable James M. Houlihan, Assessor of Cook County; Donna Dunnings – Chief Financial Officer, Bureau of Finance; Pat Curtner – Managing Partner, Chapman & Cutler, Bond Counsel; and Michael Prinzi - Assistant State's Attorney, Division Chief, Transactions, Municipal Litigation and Real Estate Taxation Division

Ladies and Gentlemen:

Your Committee on Finance of the Board of Commissioners of Cook County met pursuant to notice for a public hearing on Tuesday, September 16, 2008 at the hour of 11:00 A.M. in the Board Room, Room 569, County Building, 118 North Clark Street, Chicago, Illinois.

Chairman Daley noted for the record the court reporter, Anthony Lisanti was ill and unable to attend the meeting. Mr. Lisanti will be provided a copy of the audio recording of the meeting to prepare the transcript of the proceedings.

Chairman Daley proceeded with Communication Number 294601.

294601 CLASSIFICATION SYSTEM FOR ASSESSMENT (PROPOSED ORDINANCE AMENDMENT). Transmitting a Communication from James M. Houlihan, Cook County Assessor. I am forwarding the classification ordinance changes for submission for the agenda for the June 17, 2008 Cook County Board of Commissioner's meeting. It is our hope that these changes in classification levels for both residential and commercial properties will provide additional clarity for taxpayers regarding the assessment process.

Submitting a Proposed Ordinance Amendment sponsored by

FORREST CLAYPOOL, ROBERTO MALDONADO, ~~and~~
JOAN PATRICIA MURPHY and JOHN P. DALEY, County Commissioners

PROPOSED ORDINANCE AMENDMENT

BE IT ORDAINED, by the Cook County Board of Commissioners that Chapter 74 Taxation, Article II, Division 2 Sec. 74-64 is hereby amended, as follows:

DIVISION 2. CLASSIFICATION SYSTEM FOR ASSESSMENT

Sec. 74-64. Market value percentages.

The Assessor shall assess, and the Board of ~~Appeals~~ Review shall review, assessments on real estate in the various classes at the following percentages of market value:

(1) Class 1: ~~22~~ 10 percent.

(2) Class 2: ~~16~~ 10 percent.

(3) Class 3: ~~26~~ ~~24~~ 16 percent, in tax year ~~2006~~ 2009, ~~22~~ 13 percent in tax year ~~2007~~ 2010, ~~and 20~~ 10 percent in tax year ~~2008~~ 2011, and subsequent years.

(4) Class 4: ~~30~~ 25 percent.

(5) Class 5a: ~~38~~ 25 percent.

(6) Class 5b: ~~36~~ 25 percent.

(7) Class 6b: ~~16~~ 10 percent for first ten years and for any subsequent ten-year renewal periods; if the incentive is not renewed, ~~23~~ 15 percent in year 11 and ~~30~~ 20 percent in year 12.

(8) Class C: Industrial properties: ~~16~~ 10 percent for first ten years, ~~23~~ 15 percent in year 11 and ~~30~~ 20 percent in year 12; commercial properties: ~~16~~ 10 percent for first ten years, ~~23~~ 15 percent in year 11 and ~~30~~ 20 percent in year 12.

(9) Class 7a: ~~16~~ 10 percent for first ten years, ~~23~~ 15 percent in year 11 and ~~30~~ 20 percent in year 12.

(10) Class 7b: ~~16~~ 10 percent for first ten years, ~~23~~ 15 percent in year 11 and ~~30~~ 20 percent in year 12.

(11) Class 8: ~~16~~ 10 percent for first ten years and for any subsequent ten-year renewal periods; if the incentive is not renewed, ~~23~~ 15 percent in year 11 and ~~30~~ 20 percent in year 12.

(12) Class 9: ~~16~~ 10 percent for an initial ten-year period, renewable upon application for additional ten-year periods.

(13) Class S: ~~16~~ 10 percent for the term of the Section 8 contract renewal under the mark up to market option, as defined herein, and for any additional terms of renewal of the Section 8 contract under the mark up to market option.

(14) Class L, renewable properties: ~~16~~ 10 percent for first ten years and for any subsequent ten-year renewal periods; if the incentive is not renewed, ~~23~~ 15 percent in year 11 and ~~30~~ 20 percent in year 12; commercial properties: ~~16~~ 10 percent for first ten years, ~~23~~ 15 percent in year 11 and ~~30~~ 20 percent in year 12.

Effective date: This Ordinance Amendment shall be effective for the 2009 tax year.

***Referred to the Committee on Finance on 6/17/08.**

Chairman Daley asked the Honorable James M. Houlihan, Assessor of Cook County to give an overview of the proposed ordinance amendment.

Chairman Daley asked the Secretary to the Board to call upon the registered public speakers, in accordance with Cook County Code, Sec. 2-108(dd):

1. Jerry Roper – President and Chief Executive Officer, Chicagoland Chamber of Commerce. Written statement also distributed.
2. Michael Cornicelli – Executive Vice President, Building Owners & Managers Association of Chicago (BOMA). Written statement also distributed.
3. Judy Roettig – Executive Vice President, Chicagoland Apartment Association. Written statement also distributed.
4. George Blakemore – Concerned Citizen
5. Laurence Msall – President, Civic Federation. Written statement also distributed.
6. John K. Norris – Attorney, Illinois Property Tax Lawyers Association. Written statement also distributed.
7. Donald T. Rubin – Attorney, President, Illinois Property Tax Lawyers Association. Written statement also distributed.
8. Gary Smith – Attorney. Written statement also distributed.
9. Andrea Raila – Andrea Raila & Associates.
10. Mike Slinkman – Rental property owner
11. Brian A. Bernardoni – Senior Director of Government and Public Policy, Chicago Association of Realtors. Written statement also distributed.

Written statement only

1. Sheila O'Grady – President, Illinois Restaurant Association

Commissioner Claypool, seconded by Commissioner Butler, moved that the Ordinance Amendment (Comm. No. 294601) be approved and adopted.

Chairman Daley asked to added as a sponsor of the Ordinance Amendment (Comm. No. 294601).

Following discussion, Commissioner Beavers, seconded by Commissioner Peraica, moved to defer consideration of the Proposed Ordinance Amendment (Comm. No. 294601). Commissioner Peraica called for a Roll Call, the vote of yeas and nays being as follows:

ROLL CALL ON MOTION TO DEFER

Yeas: Commissioners Beavers, Gorman, Goslin, Peraica, Schneider and Silvestri (6)

Nays: Commissioners Butler, Claypool, Collins, Maldonado, Murphy, Suffredin and Chairman Daley (7)

Present: Vice Chairman Sims (1)

Absent: Commissioners Moreno, Quigley and Steele (3)

The motion to defer FAILED.

A vote was taken on the main motion to approve and adopt the Ordinance Amendment (Comm. No. 294601). Commissioner Peraica called for a Roll Call, the vote of yeas and nays being as follows:

ROLL CALL ON MOTION TO APPROVE

Yeas: Commissioners Butler, Claypool, Collins, Gorman, Goslin, Maldonado, Murphy, Schneider, Silvestri and Chairman Daley (10)

Nays: Commissioners Beavers, Peraica and Suffredin (3)

Present: Vice Chairman Sims (1)

Absent: Commissioners Moreno, Quigley and Steele (3)

The motion carried and the Ordinance Amendment was APPROVED.

Chairman Daley proceeded with Communication Number 295323.

295323 AN ORDINANCE PROVIDING FOR THE ISSUANCE OF ONE OR MORE SERIES OF GENERAL OBLIGATION BONDS OF THE COUNTY OF COOK, ILLINOIS. Transmitting a Communication, dated July 22, 2008 from Donna Dunnings, Chief Financial Officer.

I am transmitting for your approval an Ordinance in support of the proposed sale of Cook County's General Obligation Capital Improvement Bonds, Series 2008.

The following is a synopsis of the Proposed Ordinance:

Submitting a Proposed Ordinance sponsored by

TODD H. STROGER, President, Cook County Board of Commissioners

PROPOSED ORDINANCE

AN ORDINANCE PROVIDING FOR THE ISSUANCE OF ONE OR MORE SERIES OF GENERAL OBLIGATION BONDS OF THE COUNTY OF COOK, ILLINOIS

WHEREAS, Section 6(a) of Article VII of the 1970 Constitution of the State of Illinois provides that "a County which has a Chief Executive Officer elected by the electors of the County ... (is) a Home Rule Unit" and The County of Cook, Illinois (the *"County"*), has a Chief Executive Officer elected by the electors of the County and is therefore a Home Rule Unit and may, under the power granted by said Section 6(a) of Article VII of the Constitution of 1970, as supplemented by the Local Government Debt Reform Act, as amended, and the other Omnibus Bond Acts, as amended, exercise any power and perform any function pertaining to its government and affairs, including, but not limited to, the power to tax and to incur debt; and

*** Referred to the Committee on Finance on 07/22/08.**

Chairman Daley announced an amended Ordinance had been distributed by the Chief Financial Officer to all members and that the amended ordinance is what the committee will be considering today.

Chairman Daley asked Donna Dunnings, Chief Financial Officer, Bureau of Finance, to give an overview of the proposed ordinance.

Commissioner Butler, seconded by Vice Chairman Sims, moved that the amended Ordinance (Comm. No. 295323) be approved and adopted.

Commissioner Silvestri, seconded by Commissioner Goslin, moved to amend Section 11.A. of the amended Ordinance, as follows:

Amendment to Section 11.A. sponsored by Commissioners Silvestri, Daley, Goslin, Gorman, Schneider and Sims:

A. SALE OF BONDS. The Chief Financial Officer is hereby authorized to sell all or any portion of the several Series of the Bonds to the respective Underwriters from time to time on such terms as she may deem to be in the best interests of the County; *provided* that (i) in each case the Purchase Price shall be at least ninety-eight percent (98%) of the proceeds of the Bonds (exclusive of any net original issue discount used in the marketing of the Bonds, not to exceed 10% of the principal amount thereof), plus accrued interest, if any, on the Bonds from their Dated Date to the date of their issuance, (ii) the aggregate amount of principal of and interest on and Maturity Amount of the Bonds (based, for

Variable Rate Bonds, on the reasonable estimate of the Chief Financial Officer as hereinabove provided) in any year shall not exceed the aggregate amount levied therefor pursuant hereto plus capitalized interest, if any, and (iii) as an additional limitation on the sale of the Refunding Bonds, each such certificate or report (as hereinabove described) must set forth that the Refunding will provide a present value debt service savings to the County resulting from the issuance of Refunding Bonds to refund each maturity, or part of a maturity, of the Refunded which are chosen to be refunded, which report shall demonstrate that the County will realize a minimum net present value savings of three percent (3.00%) of the debt service on the Refunded Bonds being refunded. The Bonds may be sold from time to time as the Chief Financial Officer shall determine that the proceeds of such sales are needed. Incidental to each sale of the several Series of Bonds the Chief Financial Officer shall provide the Corporate Authorities a written notification of the sale of such Bonds which notification shall describe such Series of Bonds in detail. Nothing contained in this Ordinance shall limit the sale of the Bonds or any maturity or maturities thereof at a price or prices in excess of the principal amount thereof.

Commissioner Peraica called for a Roll Call, the vote of yeas and nays being as follows:

ROLL CALL ON MOTION TO APPROVE THE AMENDMENT TO SECTION 11.A.

Yeas: Commissioners Beavers, Butler, Collins, Gorman, Goslin, Murphy, Schneider, Silvestri, Vice Chairman Sims and Chairman Daley (10)

Nays: Commissioners Claypool, Peraica and Suffredin (3)

Absent: Commissioners Maldonado, Moreno, Quigley and Steele (4)

The motion carried and the amendment to Section 11.A. was APPROVED.

Commissioner Silvestri, seconded by Commissioner Goslin, moved to amend Section 3, paragraph 9 of the amended Ordinance, as follows: "All Bonds shall become due and payable as provided in the relevant Bond Order, *provided, however,* that no Bond shall have a Stated Maturity which is later than the date which is ~~forty (40)~~ twenty-five (25) years after its Dated Date."

The motion to amend Section 3, paragraph 9 CARRIED.

Commissioner Silvestri, seconded by Commissioner Goslin, moved to delete in its entirety Section 11.I. of the amended Ordinance, as follows:

I. QUALIFIED SWAP AGREEMENTS. The President or the Chief Financial Officer is hereby authorized to execute and deliver from time to time one or more Qualified Swap Agreements with Swap Providers selected by the Chief Financial Officer, the purpose of which is to hedge or manage the County's interest cost with respect to the Bonds (or any portion thereof), or to reduce the County's

exposure to fluctuations in the interest rate or rates payable on the Bonds or to insure, protect or preserve its investments from any loss (including, without limitation, loss caused by fluctuations in interest rates, markets or in securities). The stated aggregate notional amount under all such Qualified Swap Agreements authorized hereunder shall not exceed the principal amount of the Bonds issued hereunder (net of offsetting transactions entered into by the County). Any such Qualified Swap Agreement to the extent practicable shall be in substantially the form of either the Local Currency - Single Jurisdiction version or the Multicurrency-Cross Border version of the 1992 ISDA Master Agreement accompanied by a schedule based upon the U.S. Municipal Counterparty Schedule published by the International Swap Dealers Association (the *"ISDA"*) or any successor form to be published by the ISDA, and in the appropriate confirmations of transactions governed by that agreement, with such insertions, completions and modifications thereof as shall be approved by the officer of the County executing the same, her execution to constitute conclusive evidence of the Corporate Authorities' approval of such insertions, completions and modifications thereof. Interest Rate Exchange Obligations or other amounts payable by the County under any such Qualified Swap Agreement (being, collectively, *"Swap Payments"*) shall constitute operating expenses of the County payable from any moneys, revenues, receipts, income, assets or funds of the County available for such purpose or be payable from the Pledged Taxes, as the Chief Financial Officer may from time to time determine. Swap Payments shall not constitute an indebtedness of the County for which its full faith and credit is pledged. Nothing contained in this Section shall limit or restrict the authority of the President or the Chief Financial Officer to enter into similar agreements pursuant to prior or subsequent authorization of the Corporate Authorities.

The motion to delete Section 11.I in its entirety CARRIED.

A vote was taken on the main motion to approve and adopt the amended Ordinance (Comm. No. 295323), as amended. Commissioner Peraica called for a Roll Call, the vote of yeas and nays being as follows:

ROLL CALL ON MOTION TO APPROVE AS AMENDED

Yeas: Commissioners Beavers, Butler, Collins, Gorman, Goslin, Moreno, Murphy, Schneider, Silvestri, Vice Chairman Sims and Chairman Daley (11)

Nays: Commissioners Claypool, Peraica and Suffredin (3)

Absent: Commissioners Maldonado, Quigley and Steele (3)

The motion carried and the Ordinance was APPROVED AS AMENDED.

Commissioner Silvestri, seconded by Commissioner Murphy, moved to adjourn the meeting. The motion carried and the meeting was adjourned.

YOUR COMMITTEE RECOMMENDS THE FOLLOWING ACTION WITH REGARD TO THE MATTERS NAMED HEREIN:

Communication Number 294601	Approved
Communication Number 295323	Approved as amended

Respectfully submitted,
Committee on Finance

John P Daley

John P. Daley, Chairman

Attest: Matthew B DeLeon

Matthew B. DeLeon, Secretary

The transcript for this meeting is available in the Office of the Secretary to the Board, 118 North Clark Street, Room 567, Chicago, IL 60602.